

POPULAR GOVERNMENT

NOVEMBER 1961



Published by the Institute of Government
UNIVERSITY OF NORTH CAROLINA • CHAPEL HILL



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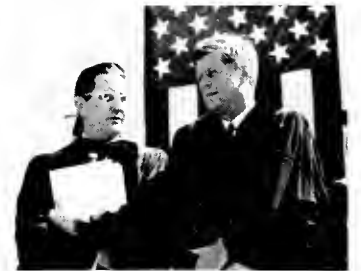
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Vol. 28

November, 1961

No. 3



John F. Kennedy and University of North Carolina's President William C. Friday were caught in earnest conference on the occasion of the President's address in Chapel Hill on October 12. This photo was made by Institute photographer, Jim O'Neil.

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POPULAR GOVERNMENT is published monthly except January, July and August by the Institute of Government, the University of North Carolina, Chapel Hill. Editorial, business and advertising address: Box 990, Chapel Hill, N. C. Subscription: per year, \$3.00; single copy, 35 cents. Advertising rates furnished on request. Entered as second class matter at the Post Office in Chapel Hill, N. C. The material printed herein may be quoted provided proper credit is given to POPULAR GOVERNMENT.

LEGISLATIVE REPRESENTATION: 1961

PART ONE

Introduction

Editor's Note: This is the first of three articles on a topical subject of great importance to the people of North Carolina. The other two parts of the article will appear in the December, 1961, and February, 1962 issues. The author currently is on leave from the Institute of Government, serving this year as Secretary to the Governor's Commission on Education beyond the High School.

Devising a system of representation in the state legislature which is both equitable and politically feasible has been the most durable and at times the most vexing political problem in the history of North Carolina.

This problem was first manifested during the 1740's in the futile struggle waged by the emerging central and southern coastal plains counties against the older, politically dominant northern counties for equal representation of all counties in the elective colonial Assembly. It was muted but not solved by the adoption of the Constitution of 1776 with its scheme for the equal representation of the counties in both houses.

By the late eighteenth century, the axis of the representation controversy had shifted from North-South to East-West, due to the rapid settlement of the Piedmont and mountain areas. The equal representation of counties device gave the dominant Eastern group in the legislature the means to perpetuate its political dominion through the power to create additional Eastern counties (and thus additional Eastern legislative seats) to offset the new counties and legislative seats being created in response to the demands of the West.¹

Decades of growing bitterness on the part of the increasingly populous but less numerous counties of the West towards the less populous but more numerous -- and therefore more powerful -- counties of the East, after reaching the point where sober Western leaders talked of secession from

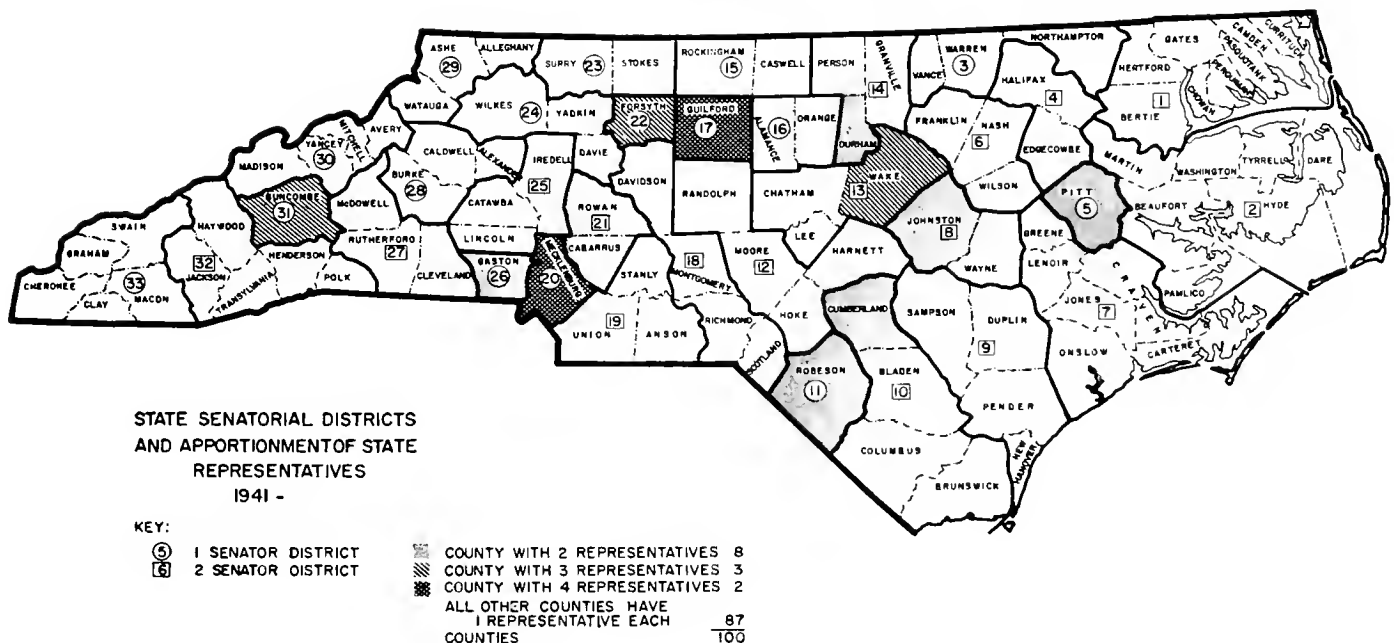
1. The significance of legislative control was enhanced by the fact that from 1776 until 1835 the General Assembly elected the Governor, and that from 1776 until 1868 the General Assembly also elected all of the principal state officials, judges, and solicitors.



by John L. Sanders
Assistant Director
Institute of Government

FIGURE 1

STATE SENATORIAL DISTRICTS AND APPORTIONMENT OF STATE REPRESENTATIVES: 1941-1961



the rest of the State as preferable to political impotence, culminated in the Constitutional Convention of 1835. There was formalized the East-West compromise of a Senate apportioned on the basis of wealth (using the measure of taxes paid to the State) and a House of Commons apportioned partly on the basis of counties and partly on the basis of population.

A generation later, the Convention of 1868 changed the apportionment basis of the Senate from wealth to population but kept essentially the same basis -- counties and population -- for apportioning seats in the House.

Despite numerous attempts to change the system of legislative representation, particularly in recent years, the 1868 scheme has endured. It has endured, not so much because it is the best that the wit of man can devise, but because it is at least sufficiently satisfactory that no basic change which has been proposed has won approval by the requisite three-fifths of the legislators and ratification by the voters of the State.

At heart, the issue here is the distribution of political power -- in this case, control of the legislative affairs of the State. The tradition in North Carolina as in other states is that the system of legislative representation actually in force does not keep step with changes in the economic and social order upon which that system was originally based. Thus states formerly rural but now largely urban in character may still be ruled by legislatures predominantly rural in outlook. To effect a change in such circumstances is difficult, because this is one case where possession is the law, the thing possessed being the power to make the law--or at least, to insure that the law will not be changed, which may serve the purposes of its possessors about as well.

The 1961 session of the General Assembly saw more bills introduced, more words spoken and written, and more accomplished on the subject of legislative representation than has any session in two decades. Yet peace has not come to this troubled issue. Because it is likely to be a subject of recurrent legislative interest, it seems worthwhile to record the legislative history of the representation issue in the 1961 General Assembly. Short comments on the present system of legislative representation and on attempts of the last decade to alter that system preface that history. Some observations on the system and on amendment efforts follow it.

The Present System

Senate

From 1776 to 1835, the State Constitution allotted one Senator to every county, so that the size of the Senate grew with the number of counties. Senators were elected for one-year terms.² From 1836 to 1868, the Constitution fixed the size of the Senate at 50 members, biennially elected from 50 districts periodically revised by the General Assembly according to the amount of taxes paid to the State from the counties composing the respective districts.³ Thus the system was designed to distribute senatorial representation in proportion to wealth, to the initial advantage of the East.

Since 1868, the State Constitution has prescribed a Senate of 50 members, biennially elected from senatorial districts, and has directed that

The said Senate districts, shall be so altered by the General Assembly, at the first session after the return of every enumeration taken by order of Congress, that each Senate district shall contain, as nearly as may be, an equal number of inhabitants, excluding aliens and Indians not taxed, and shall remain unaltered until the

2. CONSTITUTION OF NORTH CAROLINA, Sec. 2 (1776).

3. CONSTITUTIONAL AMENDMENTS OF 1835, Art. I, Sec. i, Cl. 1.

return of another enumeration, and shall at all times consist of contiguous territory; and no county shall be divided in the formation of a Senate district, unless such county shall be equitably entitled to two or more Senators.⁴

Despite the apparent requirement of that provision that the population of senatorial districts be equal, the practice since 1868 has been to allot one Senator to some districts and two Senators to others, equality being sought in terms of the *average* population per Senator in each district and not in terms of the *whole* population of each district. Districts currently contain from one to eight counties. No one-county district has ever been allotted more than one Senator.

The last senatorial redistricting occurred in 1941,⁵ and that was not a thorough job. In the intervening 20 years, population increases and movement have further distorted the representative character of the Senate, if one looks -- as the Constitution contemplates -- only at numbers of Senators and constituents and not at other interesting but constitutionally extraneous matters.

Under the 1960 Census, the state-wide average number of persons per Senator was 91,123. The actual range was from 45,031 (29th district) to 272,111 (20th district) persons per Senator. Hence the demand in the 1950's, redoubled in the 1960's, for a revision of senatorial district boundaries so as to bring about greater numerical equality of representation in the Senate.

House of Representatives

From 1776 to 1835, the Constitution apportioned to every county, irrespective of size, two seats in the House of Commons, and to each of six (later seven) "boroughs" it allotted one House seat.⁶ Elections were annual.

In 1835, the Constitution was amended to fix House membership at 120, to guarantee one seat to each county, and to require the General Assembly periodically to reapportion the remaining seats among the more populous counties in proportion to federal population.⁷ Elections were made biennial.

Since 1868, the Constitution has prescribed a biennially elected House of Representatives of 120 members, has guaranteed one seat to every county without regard to population, and has directed the General Assembly, at its first session after each federal census, to redistribute the remaining seats among the more populous counties in proportion to their population.⁸

In 1836, there were only 65 counties, so 55 surplus House seats were then apportioned according to population. Thirty-nine counties then had more than one Representative. Today the 100 counties pre-empt five-sixths of the House seats under the one seat per county guarantee before any thought can be given to population representation. Only thirteen counties now have more than one Representative.

Developments of the 1950's

The Constitution decrees that at the "first session after the return of every" federal census, the General Assembly shall redistrict the Senate and reapportion the House of Representatives. These mandates have been obeyed in every decade since 1868, except for the 1930's and the 1950's.

Bills to redistrict⁹ and reapportion¹⁰ were introduced

4. CONSTITUTION OF NORTH CAROLINA, Art. II, Sec. 4.

5. Public Laws 1941, c. 225.

6. CONSTITUTION OF NORTH CAROLINA, Sec. 3 (1776).

7. CONSTITUTIONAL AMENDMENTS OF 1835, Art. I, Sec. i, Cls. 2, 3, and 4.

8. CONSTITUTION OF NORTH CAROLINA, Art. II, Secs. 5 and 6.

9. 1951 SENATE JOURNAL 239 (SB 303), 371 (SB 453); 1951 HOUSE JOURNAL 343 (HB 527), 581 (HB 862).

10. 1951 HOUSE JOURNAL 343 (HB 526).

in the 1951 session, but never reached a vote on the floor of either chamber.

The story was much the same in 1953, except that time had armed the opponents of action with the superficially plausible argument that, since the Constitution specifies the "first session" after the census as the one which must act, no subsequent session in the decade had authority to redistrict or reapportion, despite the defaults of its predecessors.

The 1953 General Assembly, after bills to redistrict¹¹ and reapportion¹² had failed, submitted to the people by votes of 81 to 35 in the House¹³ and 36 to 8 in the Senate¹⁴ a constitutional amendment which would have limited any one-county senatorial district, however large its population, to a maximum of one Senator. Despite such overwhelming legislative endorsement, that amendment was defeated in the November 1954 election by a popular vote of 200,436 to 147,588.¹⁵

A proposed constitutional amendment to transfer the duty of decennial House reapportionment to the Secretary of State never got out of committee in the 1953 House of Representatives.¹⁶

No bill to reapportion or redistrict was introduced in 1955. Instead the Senate established a special committee of nine Senators to study the subject of senatorial redistricting.¹⁷ This committee reported in March 1955.

Suggesting that the root of the trouble lay in a scheme of senatorial representation that was no longer felt by a majority of the legislators to meet the tests of political theory or practice, the special committee recommended the creation of an interim commission to study the problem and recommend a solution.¹⁸ This proposal was accepted by the General Assembly, which broadened the warrant of the Commission to include an examination of the system of representation in the House.¹⁹

The nine-member Commission on Legislative Representation established by the 1955 session consisted of three members appointed by the Governor, three Senators appointed by the President of the Senate, and three Representatives appointed by the Speaker of the House.

That Commission reported to the 1957 session.²⁰ It recommended a two-part plan calling for (1) an increase in the size of the House from 120 to 130 members, coupled with a limitation of any one-county senatorial district to a maximum of two of the 50 Senators and a limitation of any senatorial district to a maximum of four contiguous counties; and (2) a five-member *ex officio* Legislative Representation Commission to which would have been transferred the General Assembly's power of decennially reapportioning the House and redistricting the Senate. Defeated after extended debate in the Senate,²¹ the Commission's bills never reached the House floor.²²

Six other bills -- some to reapportion²³ or redistrict²⁴ under the existing Constitution, others to alter the size of the two houses²⁵ -- also failed in the 1957 session.

11. 1953 HOUSE JOURNAL 165 (HB 231).

12. *Id.* at 235 (HB 395).

13. *Id.* at 645, 658-59 (HB 18).

14. 1953 SENATE JOURNAL 488 (HB 18).

15. 1955 NORTH CAROLINA MANUAL 255-58.

16. 1953 HOUSE JOURNAL 753 (HB 1131).

17. 1955 SENATE JOURNAL 24-25, 64, 70 (SR 11).

18. *Id.* at 281-87.

19. Session Laws 1955, Res. 48.

20. REPORT OF THE COMMISSION ON LEGISLATIVE REPRESENTATION (Nov. 1956).

21. SB 47, 48 (1957).

22. HB 62, 63 (1957).

23. SB 155; HB 389 (1957).

24. SB 982 (1957).

25. SB 385; HB 629 (1957).

The North Carolina Constitutional Commission, established by the 1957 legislature and appointed by the Governor, submitted to the 1959 session a revised Constitution.²⁶ The revision included three significant changes with respect to legislative representation: (1) an increase in the number of Senators from 50 to 60, effective for the 1961 elections; (2) the transfer from the General Assembly to the Speaker of the House of the duty of decennially reapportioning the House of Representatives; and (3) the creation of an *ex officio* committee, composed of the three principal legislative officers, with the duty of submitting to the first session convening after each federal census a proposal for redistricting the Senate; if not altered by the legislature, that proposal would have taken effect for the next election for members of the General Assembly.²⁷

In legislative committee, the proposed senatorial redistricting committee and enlargement of the Senate were deleted. The automatic House reapportionment provision drew no objection and stayed in the revised Constitution throughout its legislative course.

In the Senate, the proposed Constitution was amended by a vote of 40 to 7 to limit any one-county district to a maximum of one Senator.²⁸ House efforts to reverse that action failed by a vote of 35 to 65.²⁹ That amendment probably contributed to the death of the revised Constitution, which resulted primarily from other causes, on the House floor.

A 1959 bill (HB 139) to reapportion the House in accordance with the existing constitutional formula received a favorable House committee report (the first since 1941) only to be defeated, 61 to 50, on second reading in the House.³⁰ The 61 opponents -- a bare majority of the House membership -- represented 41 per cent of the State's 1950 population, located mainly in the East and far West, while the 50 supporters of the bill represented 53 per cent of the State's population, chiefly concentrated in the Piedmont. (Pairs and absentees accounted for the remaining nine votes and six per cent of the population.)

The 1960 State Democratic Platform pledged positive action in 1961 on reapportionment.³¹ Governor Terry Sanford, in the course of his 1960 primary and general election campaigns, issued similar calls for action. The 1960 State Republican Platform criticized prior failures to reapportion and redistrict.³²

1961 Session

The 1961 session of the General Assembly, being "the first session after the return of" the federal Census of 1960, was destined to have a large share of its attention claimed by the legislative representation issue.

The experience of the previous decade gave fair warning of the difficulties which awaited any attempt either to comply with the existing Constitution or to alter its provisions. But there was present a new factor. Recent decisions of a few state and federal courts indicated a turning away from the old view that a legislature's duty to reapportion itself was not subject to judicial enforcement.

Ten weeks before the 1961 session convened, the United States Supreme Court had noted probable jurisdiction in *Baker v. Carr*, 81 S. Ct. 230 (1961), an appeal from a three-judge United States District Court in Tennessee. The plaintiffs there sought the court's aid in forcing the first reapportionment.

26. REPORT OF THE NORTH CAROLINA CONSTITUTIONAL COMMISSION (Feb. 1959).

27. SB 99; HB 226 (1959).

28. 1959 SENATE JOURNAL 506-07 (SB 99).

29. 1959 HOUSE JOURNAL 1084 (SB 99).

30. *Id.* at 353-54 (HB 139).

31. 1961 NORTH CAROLINA MANUAL 145.

32. *Id.* at 192-93.

(Continued on page 14)

Weatherly Wins

Outstanding County Official Award

In 1959, the North Carolina Association of County Commissioners created an award to be made annually to an outstanding county official. The award is in recognition of leadership in county government, as evidenced by the outstanding performance of the duties and responsibilities of his own office and the performance of services of value to all counties of the state. The winner of the award is selected by a committee appointed by the President of the Association. Any county officer or employee is eligible, except the President, the Vice-Presidents, and the Secretary-Treasurer of the Association. Nominations for the award may be made by any county officer or employee.

In 1959, the award was made to J. C. Ellis, County Auditor, County Treasurer, Tax Supervisor, and Tax Collector of Nash County. Curtis has held office in the County Accountants' Association and in the Association of Assessing Officers. He has also served, in past years, as Chairman of the Legislative Committee of the County Commissioners' Association. And through the competent performance of the many duties of the varied offices he holds in Nash County, he has been a leader of county officials and a teacher of county officials in the practice of county government.

In 1960 the award was made to Berry A. Williams, County Commissioner of New Hanover County. Berry took an active interest in the improvement of the government of his own county. He served on the Board of Directors of the North Carolina Association of County Commissioners for two years, served as Convention Chairman in 1958, served as Chairman of the Legislative Committee in 1959-60, and served for six months of the present year as our Second Vice-President.

And now for the presentation of the 1961 Award.

Nominations for the 1961 Award were received from counties all over the state. In many cases, a county official nominated some other official in his own county, and in these cases the nomination often stressed the work of the county official in his own county. In other cases, a county official nominated some person from another county, and here services to the Associations and to

the state were emphasized. In the beginning of its deliberations, following preliminary discussion, the committee decided to follow ground rules established in 1960. Under these ground rules, the committee decided to consider all persons nominated on an equal basis, regardless of the number of individual nominations received; several county officials were nominated by two or more people. And in the second place, the committee decided that the winner would have to meet both of the criteria established by the Board of Directors, that is outstanding performance of the duties and responsibilities of his own office and outstanding performance of services of value to all counties of the state. Several nominees had performed outstanding service to their own county, but had not taken an active part in state association work. The committee also decided, and made it clear in its deliberations, that even though these ground rules followed 1960, they were not to be taken as setting a precedent and were not necessarily to govern future awards. The 1961 Committee believes, as did the 1960 one, that each committee should have the full right to reach its own conclusions in its own way.

The committee had the privilege of considering, for the award, a number of outstanding officials. I wish all of you could read the nominations submitted, for you would be struck, as the committee was, with the tremendous number of effective county officials, serving their own county and serving the state, throughout North Carolina. The final selection was no easy task, only because there were a number of outstanding candidates.

The winner of the 1961 award has a great record of experience and service. He began as a truck driver in the County Road Department in 1929, back when counties constructed and maintained their own road systems. He served as purchasing agent from 1931 to 1942, and since 1942 he has served as county manager.

As county manager, he has contributed tremendously toward the coordination of the activities of his own county. He has served as a liaison between the board of county commissioners and the



Guilford County Manager J. Harry Weatherly (left) receives the annual outstanding official award for 1960, presented by President Ben Haigh of the N. C. Association of County Commissioners. The citation is printed on this page.

boards of education in the county, the governing bodies of the city and the county, and other groups with whom county commissioners work. He has done an excellent job in promoting good public relations. His practice of coordinating information for presentation to the Board of County Commissioners has done much to contribute to the harmony among them. And he has never missed a meeting of the board of county commissioners over a period of more than eighteen years. With all of this, he has earned the full respect of the county officials of his own county, the municipal officials of the cities and towns in the county, county and city officials across the state, and the state officials of our own North Carolina state government.

He has served county government through his work in both state and national associations. He has served on the Legislative Committee of our own North Carolina Association of County Commissioners for a number of years, and served as Chairman for two years. He was a charter member of the National Association of County Administrators, formed two years ago as an affiliate of the National Association of County Officials. He served as its vice president the first year, and as a member of the Board of Directors during the past year. He is a member of the International City Managers' Association, and he frequently has a place on the program or serves as section reporter. Through this Association work, he has served not only his own county, but the 100 counties of our State, and, in truth the 3,000 counties of the United States.

The Outstanding County Official of 1961 is a native of Rockingham County. He has been a resident of Guilford County for 32 years. He is Guilford County Manager J. Harry Weatherly.

by Henry W. Lewis,
Assistant Director, Institute of Government



SELECTING AN ASSESSMENT RATIO: A Crucial Decision Following Revaluation

Editor's Note: This article has been prepared for eventual publication as a chapter in the second edition of the author's 1956 book entitled PREPARATION FOR REVALUATION. Comments and suggestions for revision before final publication will be welcomed.

The Problem

A board of county commissioners, having before it the county tax supervisor's report showing his estimate of the total market value of all taxable real property in the county as determined in a revaluation program and faced with having to decide what portion of that figure should be used as the tax base, must recognize the tangled mass of factors relevant to reaching a sound decision, must separate them, and must consider each in proper perspective.

The legal premise which poses the problem and on which the decision must be based is the explicit statutory requirement that both real and personal property be appraised at full market value, then placed on the tax books at some constant percentage of that value, this percentage to be first set in a revaluation year.¹ While the law requires county commissioners annually thereafter to make a decision with respect to the assessment ratio, once the board has adopted a resolution selecting a ratio in a particular year — this being done prior to the first meeting of the board of equalization and review — it is unlikely that the commissioners have authority to raise or lower the ratio for that tax year.² Once the ratio has been

set as provided by law, it remains fixed for the current year.

Concern for Municipalities

Municipal corporations within the limits of a county must accept assessments on the property they tax at the ratio established by the county commissioners,³ thus they have a substantial stake in the ratio selected. This concern will be made more specific in subsequent portions of this study, especially in the treatment of tax-rate and debt limitations. The General Assembly has taken steps to give municipalities some protection for their interests by inserting a provision in the Machinery Act stating that before a board of county commissioners adopts an assessment ratio "representatives of municipalities and other taxing authorities required by [law] to use the assessments determined by the board of county commissioners shall be given an opportunity to make recommendations as to that assessment ratio which would provide a reasonable and adequate tax base in each such municipality or other taxing unit."⁴ Hearing municipalities state their cases should not be an empty form. While ultimate legal responsibility for fixing the ratio lies with the county commissioners, it is plain that the law expects them to give weight to the views of affected municipalities in reaching their decision.

Relationship between Real and Personal Property Assessments

Prior to 1959 it was customary for North Carolina counties to blink at the former statutory requirement that all

property, real and personal, be placed on the books and taxed at 100% of its current market value.⁵ Real property was revalued, if at all, only at long intervals, and personal property (other than cars and, in some instances, farm machinery) was placed on the tax books at whatever figure the owner was willing to volunteer: household and kitchen furniture at 5% of market value, cars at 65%, urban residential real estate at 50%, timberlands at 20%, etc. (Exceptional counties attempted to curb such inequitable variety, but they were few.) The constitutional standard of uniformity in the extraction of revenue from all kinds of property⁶ was ignored, then justified on the ground that since no property was taxed at its full value, no owner had any grounds to complain. Everyone had a good deal (but some had better than others).

The 1959 General Assembly attempted to change this state of affairs. As a result, the law is now specific and workable. All property, real and personal, is to be appraised at its current market value; and then, by resolution, the board of county commissioners is to select some percentage of that current market value figure as the *tax value or assessment*. But, without equivocation, the percentage or assessment ratio chosen is to be applied to the market value of all property, real and personal, not merely real.⁷ Cars must be appraised at

5. See Henry W. Lewis, *Preparation For Revaluation*, Institute of Government (Chapel Hill, 1956), p. 28 and following.

6. North Carolina Constitution, Article V, §3: "Taxes on property shall be uniform as to each class of property taxed."

7. G. S. 105-294.

1. G. S. 105-294.

2. In fact, the Attorney General has made it clear he feels no such power exists. Letter of the Attorney General to Thomas A. Banks, June 22, 1960.

3. G. S. 105-333. An exception is made in the case of cities lying in more than one county. See G. S. 105-334.

4. G. S. 105-294.

full market value and assessed at the same percentage of that value as is real property; inventories must be given the same treatment.

Faced with having to fix an assessment ratio, boards of county commissioners, steeped in real property problems throughout a prolonged revaluation period, run the risk of forgetting the vital place personal property values occupy in the tax base. Some boards have even lost sight of the fundamental legal requirement and, after setting an assessment ratio, *thinking of real property alone*, have found themselves in financially embarrassing situations, both with respect to the county itself and with respect to the municipalities required by law to accept tax values fixed in terms of the county-selected assessment ratio.

Cars furnish a convenient and simple example. It is common practice for North Carolina counties to use a standard used car dealers' price guide in assessing automobiles. The guide publishes four value figures for each vehicle; most counties assess according to what is called "average finance value," or "average retail value," or some fixed percentage of "average retail value." The "average finance" figure is approxi-

anticipated annual increases would be dangerous. In addition to assessing cars at two-thirds of market value, it is not unlikely that a given county may have been assessing inventories at 40% of reported book value and household and kitchen furniture at whatever the owner was willing to turn in. If the commissioners in such a county should pick 50% as the assessment ratio, they would face an obvious loss of revenue from cars, and, in addition, would have to plan for other changes in the tax base. For example, the 40% ratio applied to inventories in prior years would have to be increased to 50%, and a determined effort would have to be made to develop standards by which the level of appraisal for household and kitchen furniture might be raised.⁸

Still another form of property must be kept in mind in selecting an assessment ratio, that for which assessed valuations are certified for county and municipal taxation by the State Board of Assessment: the value of all property used by railroads in their business, and what is commonly known as the "corporate excess" value of public service companies of various kinds. The figures certified to the counties by the State Board are not subject to the county's

what ratios it is applying at that time.

But county commissioners should not lay too great stress on assessment ratios being applied by the State Board of Assessment. While it is true that the county does not want to be placed in the position of giving property valued by the State Board more favorable or less favorable treatment than property subject to local assessment, it would be short-sighted to let that one factor control selection of the county's ratio. The average county derives about 4% of its total taxable wealth from properties assessed by the State Board; in a few counties this figure is measurably higher. Unless such property makes up a substantial element in the county's tax base, it is probably unwise to give it controlling weight in the selection of a ratio. The hypothetical case in the box on this page may be useful. In this illustration it is assumed that the State Board of Assessment is employing an assessment ratio of 40% of market value. On an assumed market value of \$10,000,000 for railroad and corporate excess property in a given county, it will be observed that the county will be able to apply its rate to a value of \$4,000,000 no matter whether the county sets its ratio above or below 40%.

Type of Property	Market Value	Assessment at 30%	Assessment at 40%	Assessment at 50%	Assessment at 60%
Real	\$120,000,000	\$36,000,000	\$48,000,000	\$60,000,000	\$72,000,000
Personal	72,000,000	21,600,000	28,800,000	36,000,000	43,200,000
Railroads & utilities	10,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Totals	\$202,000,000	\$61,600,000	\$80,800,000	\$100,000,000	\$119,200,000

mately two-thirds of the "average retail" figure (an amount which may be equated with current retail market value). Within recent years a North Carolina county that had been using "average finance value" as the basis of its car assessments for many years adopted a 30% assessment ratio following a revaluation of its real property. Apparently no thought was given the effect a 30% ratio would have on car values. With dismay the commissioners discovered that they would have to apply the 30% figure to cars rather than the 66 $\frac{2}{3}$ % ratio theretofore used. The resulting loss of value in cars and ultimately in revenue might have disrupted local financing. To say that a ratio can always be revised the next year, as will be pointed out subsequently, is not a wholly satisfactory solution.

Thus, to assume that the total taxable value of personal property will remain at the level of past years plus

assessment ratio; certified figures are to be treated as if the ratio had already been applied. In fact, it is correct to say that they do represent a figure less than the current market value of the properties concerned, for after reaching its decision as to the market value of such properties, the State Board of Assessment (taking into consideration the general level of assessment ratios on locally assessed properties reported throughout the state) selects and applies assessment ratios it feels will equalize the tax burden for the owners of such properties from the state-wide point of view. For purposes of information, a county faced with the necessity of selecting its own assessment ratio should inquire of the State Board of Assessment

8. This predicament has led fifteen to twenty North Carolina counties to adopt or at least experiment with what is called a "percentage rule."

Assume the hypothetical county needs funds to support a budget of \$2,000,000 of which \$1,500,000 must come from property taxes. On a total valuation of \$100,000,000 a rate of \$1.50 would be adequate; on a total valuation of \$80,800,000 a rate of \$1.856 would be required; and on a total valuation of \$61,600,000 it would be necessary to impose a rate of \$2.435. It is obvious that selection of the 50% assessment ratio will mean taxing railroad property and corporate excess at about 36¢ per \$100 less than other property in the county, while selection of the 30% assessment ratio will mean taxing them at about 58¢ more per \$100 valuation than other property in the county. Neither is desirable, but in the eyes of many county commissioners neither is a tax rate in excess of \$1.50. Thus, noting that something less than 5% of the property-worth in the county is represented by railroad and corporate

excess assessments, it might be unwise to permit the tail to wag the dog. In such a case, especially if much dependence had been placed on car values in prior years, it may be that the county should move to a 60% ratio.

In summary, it is apparent that it is impossible to make an intelligent selection of an assessment ratio on the basis of real estate values separate and apart from others. All taxable values (real, personal, and those certified by the State Board of Assessment) must be taken into consideration.

Analysis of Anticipated Growth in Tax Base

The tax base will not remain static after revaluation. Each year there is new construction to be appraised and added to the values taxable in the county. Similarly, land is subdivided and, when reappraised, will produce increases for the tax base. Damage or destruction to improvements by fire or some unusual circumstance will make reductions in real property values necessary. But historically the real property assessment base has tended to rise each year; between 1949 and 1959 real property assessment figures in the North Carolina counties advanced 104%.

Personal property values, subject to annual inventory and reappraisal, tend to fluctuate more rapidly than real property assessments but they, too, tend to increase. Between 1949 and 1959 personal property tax assessments increased 65% in North Carolina. While less dramatic, the same tendency to increase is found in the assessment of railroad property and corporate excess by the State Board of Assessment. These tax values increased 40% in the same decade.

Thus, history suggests that between octennial revaluations of real property, annual revaluation of personalty and annual adjustments in real property valuations and those certified by the State Board will produce an upward growth in the total value figure to which the county may apply its tax rates in the same eight-year period. While it is assumed that this trend will be upward, the careful board of county commissioners will need to make reliable estimates of the rate of this growth. State percentage increase figures may have little relevance in an individual county. It will have to consult its own history, examine its population statistics, weigh its economic growth, and take into consideration any other factors it believes helpful in determining answers to the following questions:

How much annual increase in real property values can be expected over a period of eight to ten years? How much

annual increase in personal property values can be expected in the same period? Will these real and personal property value increases be higher (in percentages and in dollars) in the earlier or later years of the eight to ten-year period? What can be projected with regard to values to be certified by the State Board of Assessment in this period? In projecting the tax base for ten years the county commissioners should not neglect to take into consideration the geographic and governmental areas of the county. It will be important to know, for example, whether the projected tax base growth will be the same both inside and outside municipal corporations. And in this connection, the commissioners should acquaint themselves with the municipal territorial annexations being planned.

A further question is this: In the years under consideration, how much revenue can the county expect to receive from sources other than the property tax? To answer this question will require analysis of probable revenue from license taxes, from county liquor stores profits, from fees and charges of various kinds, from the sale of properties, from the state-collected Intangibles Property Tax, from state and federal grants of various kinds, etc.

Projecting the Costs of Government

After the commissioners have examined the property tax base components — realty, personalty, and corporate excess — with an eye to the relative weight each component bears and with an eye to what can be anticipated in annual growth in that base, and after other sources of revenue have been projected for an eight to ten-year period, only then will it be profitable to consider the other side of the picture, anticipated expenditures. Although expressed here in terms of the county, thoughtful commissioners will want to bear in mind their responsibility to the municipalities within their borders and their probable revenue needs.

In projecting the financial requirements of a governmental unit over a ten-year period the contribution of planning and long-range thinking is essential. First, there is need for an analysis of what levels of operation and service the unit seeks to hold or attain in the foreseeable future; second, there is a need to determine what new operations and services the county or city should enter or provide in that period; and, finally, there is a need to determine the kind of fiscal policy the unit should follow in order to attain those objectives in an orderly way and without placing unwise and erratic strains on the local tax structure at any point during the

planning period. Put another way, the governing body needs reliable estimates of both capital and annual operating expenditures which must be financed for the next ten years. In this, commissioners and councilmen will need all the help they can get in planning both program and financing. There must be intelligent long-term analyses of both revenue and expenditures.

Legal Tax-Rate and Debt Limitations

Having looked at the future of the county's tax base and other sources of revenue, and having worked out the pattern of operations and services considered essential for proper county government and what they will cost over the next ten years, before proceeding to select an assessment ratio the commissioners must next take into consideration existing legal limitations on tax rates and borrowing that may have substantial influence on their ratio decision.

Maximum Rates of Tax Allowed by Law

Under the North Carolina Constitution counties may not impose a property tax of more than 20¢ on the \$100 of valuation except when that "tax is levied for a special purpose and with the special approval of the General Assembly," and except for support of the public schools.⁹ This is known as the "general fund" tax limitation, and it means that a county should be careful to select a level of assessment high enough to permit a levy of 20¢ or less, over an eight to ten-year period, to produce the revenue needed for operating those county functions that must be financed through the general fund during that period.

Municipal corporations within the limits of the county, as already pointed out, must accept assessments at the ratio established by the county commissioners, thus their concern is always substantial. With regard to tax-rate limitations it may be crucial. Although there is no constitutional limit on municipal tax rates, most cities and towns are subject to the \$1.50 tax-rate limitation set by general law,¹⁰ and, when assessment totals are low, find it difficult to finance their expenditures.

Special tax levies with maximum rates approved by the voters of an entire county or of some portion of the county

9. NORTH CAROLINA CONSTITUTION, Article V, §6. The expression "special purpose" as used in this constitutional provision has been the subject of much litigation and comment, but it is not the purpose of this study to go into that subject. See John Alexander McMahon, *SOURCES OF COUNTY REVENUE*, Institute of Government (Second Edition, Chapel Hill, 1954), pp. 4-29.

10. G. S. 160-402.

should not be ignored. School supplements are a common example. These maximum rates remain constant despite changes in the assessment ratio and tax base, thus an eight to ten-year projection of what is possible within existing special rate maxima is vital information for commissioners faced with fixing an assessment ratio.

Debt Limitations Set by Law

Both counties and municipalities are limited by law as to the total debt they may incur, and the statutes express those limits in terms of percentages of the total assessed valuation of property taxable in the units. For counties the limits are 5% of total assessed valuation for non-school debt, and 5% (or, under certain conditions, 8%) for school debt.¹¹ For cities and towns the "net debt," as that term is defined by statute, must not exceed 8% of the assessed valuation of property. (There are certain exceptions.)¹²

It must be emphasized that these limits are measured against the total tax values assigned property in the units, not against total market or appraisal values. Thus, the level at which property is assessed for taxation — the assessment ratio chosen — has direct bearing on the capacity of the county and its municipalities to borrow money.

A related element with practical significance has to do with the marketability of county and municipal bonds. As already indicated, there are legal limits to the borrowing capacity of a county or city. Apart from the stultifying effect of needing to borrow and being unable to do so on account of a reduced tax base, the effects of *nearing* those borrowing limits are real factors in local government finance: the marketability of the unit's securities is impaired, and the interest rates it will have to pay in order to attract buyers is increased.

Pay-As-You-Go

There are capital expenditure needs of local government units, often of a recurring nature, which may well be financed from annual budget appropriations rather than through long-term borrowing. Some units prefer this form of financing; others take a different view. Since counties, unlike municipalities, have no authority to accumulate capital reserve funds,¹³ pay-as-you-go

may offer them a desirable means for capital expenditure financing.¹⁴ Savings in interest payments, for example, may be substantial. But if the tax base is relatively low, even when this method of financing is appealing, it may be impractical. If there is merit in pay-as-you-go in a particular situation it would be unfortunate if the county were unable to take advantage of it. Yet if the level of assessment is set relatively low, the board of commissioners may find that pay-as-you-go would so increase the annual pay rate required to support necessary appropriations as to push it to undesirable and non-competitive heights. A higher assessment ratio would make it simpler for the governing body to exercise choice as to methods of financing.

Administrative Consideration

Although it would be improper for a board of county commissioners to let their assessment ratio decision depend on what would or would not be convenient for the tax officials, it is not improper to bear in mind the problems of tax administration. For commissioners interested in the effort, efficiency, economy, and accuracy of the county tax offices, it is important that in selecting an assessment ratio in a revaluation year they have a firm intention of holding to that ratio for as many years as possible. Stability is important. Although the statutes now re-

14. This statement does not ignore the fact that counties are no longer required to appropriate surpluses arising from normal operations and that such surpluses furnish a possible source for capital improvement financing. But this discretion is not the legal equivalent of a power to accumulate capital reserve funds for announced and ear-marked purposes; nor does such a use of annual surpluses offer a truly sound and adequate substitute for them. At best, it is a haphazard method of financing capital improvements. The budget process established by the County Fiscal Control Act (G. S. Ch. 153, Art. 10) proceeds on the assumption that annual estimates of expenditures and revenues will be realistic, an assumption made clear by a provision that no contingency appropriation is to be included in any fund in excess of 5% of the total of other appropriations in the same fund (G. S. 153-120). Were counties free to over-estimate expenditures or under-estimate revenues, this limitation would lose its meaning. Hence, to plan for surpluses as a source for financing capital expenditures is a violation of the budgetary concept of the County Fiscal Control Act if not of any one of its specific provisions. Furthermore, as a practical matter, the constitutional 20¢ limitation on the general fund levy is already considered restrictive in many counties, and to attempt to conceal within that levy a "planned surplus" to be used for capital expenditures is not realistic.

quire annual review and decision on the ratio to permit change if essential, the record-changing that would follow such change should it be frequent would be detrimental to efficient operations in the tax department. Nor should it be forgotten that it will be difficult to explain frequent valuation changes to property owners. These are matters which a county tax supervisor will be able to explain and illustrate.

Tax Rate Psychology

Apart from the never-ending and never-resolved argument about whether low-rate-high-ratio is preferable to high-rate-low-ratio, it seems psychologically sound for commissioners to make a strong effort to demonstrate to taxpayers that revaluation tends to add property to the tax books — not necessarily higher property values, but new values on properties that have escaped taxation in one way or the other — thereby reducing the proportionate tax burden of all. (When a tax mapping program has been incorporated in the revaluation project this is a particularly telling point.)

In the years following completion of revaluation a tax rate substantially lower than was customary prior to revaluation helps demonstrate the county's desire to see that all taxable property is found and treated equitably and that revaluation does not mean increased overall costs of government. In this connection, it should be emphasized that having a reduced rate for only one or two years following revaluation hardly satisfies this objective. An assessment ratio should be selected that will insure, under foreseeable conditions, a conservative tax rate without marked fluctuations throughout the period between mandatory revaluations. The higher the assessment ratio, the less marked will be the fluctuations occasioned by rate increases.

The history of tax rates in the particular county will have an effect on the commissioners' assessment ratio decision. A county with a history of low rates (below \$1, for purposes of illustration) will certainly want to select an assessment ratio adequate to insure that its rate will remain at that general level. One with a history of higher rates (from \$1.75 to \$2.25, for example) would certainly want to select a ratio that would enable it to bring and hold its rate at a lower level. An additional element in the decision (although one of dubious weight) should be the level of assessment ratios and tax rates in "comparable" counties.¹⁵

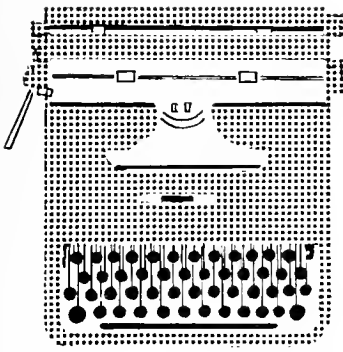
15. See *Property Tax Bulletin*, No. 19 (February 1959).

(Continued on page 17)

11. G. S. 153-87.

12. G. S. 160-383, par. 2.

13. It should be pointed out, however, that a county school administrative unit has power to establish a county school capital reserve fund "for the purpose of anticipating future needs for school capital outlay and for financing all or a part of the cost thereof . . ." G. S. 115-80.1.



● NOTES FROM . . .

CITIES AND COUNTIES

• The trend toward abandonment of ambulance services by funeral home operators in many Tar Heel communities is leaving the burden of providing these expensive services with city officials. The latest to feel the brunt of such decisions are **High Point**, **Thomasville** and **Lexington**. Funeral directors in the three Piedmont communities have tentatively agreed to abandon operations on January 1, 1962, pointing to high costs of operation and maintenance, and low revenues as the reasons for discontinuance. Directors in **Asheboro** are also considering disposing of their emergency equipment. Elsewhere, directors in **Charlotte** and other North Carolina cities have already abandoned such services.

• Bulldozers have razed the first slum houses in East **Winston-Salem** to inaugurate the city's first urban renewal project. In special ceremonies held recently, Mayor John Suratt swung a sledge hammer in the project, leveling the porch of the first home in the blighted area to go. Initial planning for Winston's urban redevelopment was begun some 10 years ago.

• A special committee to plan **Kinston's** 200th birthday celebration next year will be headed by Col. Meriwether Lewis. Others on the committee include City Councilmen Carl Winters and Mansfield Creech. The eastern North Carolina community was chartered by royal decree in 1762.

• A planned annexation which would almost double the size of **Gastonia** is being discussed by city officials. If implemented, nine square miles and some 6,000 people of East Gastonia will be enveloped by new city limits lines. City Manager Jim Carter has estimated that the move would cost the city about \$800,000 -- the cost of paving streets and extending public utilities into the area.

• **Fuquay Springs'** search for a new police chief ended last month with the appointment of Angus W. Hair, former assistant chief with the **St. Pauls** police department.

• Visitors to **Asheville's** new airport are being welcomed by the proclamation: "Hometown of Miss America" from a sparkling new billboard with a plastic translucent face and internal lighting. The display was erected by the aviation committee of the Chamber of Commerce as the official city and Chamber welcome sign.

• A flood control project to harness the vexing waters of Ellerbee Creek which meander across five miles of northern **Durham** has been completed under the supervision of the Army Corps of Engineers.

• **Salisbury's** Civil Defense Director, Charles Linebeck, was named president of the North Carolina Civil Defense Association at a recent meeting of the group in Goldsboro.

• **Raleigh-Durham** and **Wilmington** Airports are scheduled to receive new "doppler" system direction finders from the Federal Aviation Agency. The new equipment makes use of a cathode ray and display screen, similar in operation to a television set.

• The Town of **Clarkton** recently opened the doors of its new public library, part of the three-pronged Bladen County Public Library system. Other branches are located in **Elizabethtown** and **Bladenboro**.

• A new sewage disposal project at "no extra cost" to the taxpayers is currently in the works for the Town of **Winsor**. Anticipating the need for improved sewage facilities, town officials have been saving a portion of tax monies for several years for the quarter-million dollar project. The town, which currently has no bonded indebtedness, is one of the few Tar Heel communities which have been able to carry out such a plan without floating a bond issue.

• Howard Stewart, **Chapel Hill's** building inspector and assistant to the town manager for a number of years, has resigned to become **Cary's** first town manager.

• **McAdenville's** \$160,000 sewage disposal plant has recently been completed

and put into operation. Capacity of the plant is 130,000 gallons per day.

• Major extension of two runways at the **Greensboro-High Point** Airport, scheduled for completion this fall, will make the facility the only one in North Carolina with two 6,000-foot-plus runways.

• Federal housing for the aged will become a reality as part of **Durham's** urban redevelopment program. Approval was given last month by the Federal Housing Authority for the construction of 50 apartments for elderly persons at a cost of more than \$500,000. Construction is expected to get under way by December 1.

• Robert H. Peck, city manager at **Washington** for the past four years, has been hired to fill a similar position in **Chapel Hill**, replacing veteran Tom Rose. Peck has formerly served as town manager at **Mooreville** and **Sanford**.

• An instrument landing system is scheduled to be installed early this fall at **Asheville** Airport. The new system will provide the facility with an "invisible highway" to the landing strip, regardless of weather and lighting conditions.

• **Lexington** Mayor C. V. Sink has named a three-man committee from the city council to study a proposed plan for general expansion of city limits.

• The **Lowell** town council, tired of viewing last fall's campaign posters on poles and other fixed objects along the streets, has adopted without discussion an ordinance designed to keep political and advertising posters down for good. Exempted from the provision are notices for such non-profit ventures as churches, Bloodmobile visit, and other public service projects.

• **Northampton** County commissioners have requested cost estimates on a proposed new structure to house the county welfare department.

• **Guilford** County constables have formed an organization designed to increase the effectiveness of law enforcement at the township level. Known as the Guilford County Constables Association

(Continued inside back cover)



Upper Left: Institute of Government legislative staff at work. On the right: Clyde L. Ball, who headed the Institute team. The others, left to right, are Marion Benfield, Milton Heath, Dexter Watts, and Dudley Humphrey.

LEGISLATIVE STAFF: 1961

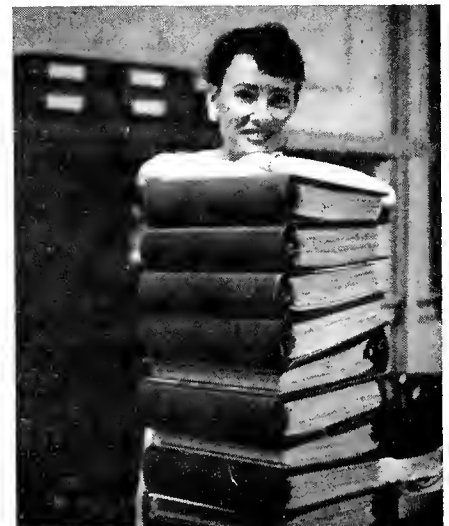
Perhaps the only facet of the 1961 North Carolina General Assembly not covered by last month's legislative issue of *Popular Government* was the work of the seven Institute of Govern-

John Sanders (seated) and Don Hayman provided special Institute services for committee chairman during the 1961 Legislature.



ment men who covered every moment of the session and were responsible for the Institute legislative publications and other services to legislators and public officials throughout the State. The regular Institute legislative staff was headed for the second straight session by Assistant Director Clyde L. Ball. Working with him were assistant directors Milton S. Heath, Jr., L. Poin-dexter Watts, Marion W. Benfield, Jr., and Dudley Humphrey. This five-man staff, located in Institute Raleigh offices on the second floor of the old Y.M.C.A. Building on Capitol Square, analyzed and reported on all legislation introduced and its course through House and Senate in four Institute publications: *The Daily Legislative Bulletin*, *The Weekly Local Bulletin*, *The Weekly Summary*, and *The Final Summary*. They also rendered other services upon request to legislators, officials, press, and public. Two more experienced Institute assistant directors, John L. Sanders and Donald E. Hayman, initiated a requested bill drafting and consulting service to committee chairmen.

Mrs. Marion Carter, Institute secretary, is almost hidden by volumes containing Institute of Government 1961 Legislative bulletins.



The Institute legislative staff, as always, worked long and hard to perform these vital functions. The results of their day and night efforts need no elaboration here for our readers have had and will continue to have opportunities to read their reports and analyses on 1961 legislation in *Popular Government* (e.g., see page 1, this issue) and in other Institute publications and programs.

INSTITUTE SCHOOLS, MEETINGS, AND CONFERENCES

State Highway Patrol trainees are instructed in defensive techniques in 1961 Institute training school while other patrol members observe closely.



PATROL TECHNIQUES

You may have met one or more of the forty new State Highway Patrolmen by this time. The forty new Troopers graduated from the Basic Training School held at the Institute of Government under the direction of Institute Assistant Director C. E. Hissdale in August after completion of an intensive training course. The new Troopers were welcomed by the Patrol's Commanding Officer Colonel David T. Lambert and heard the Assistant Commissioner of the State Department of Motor Vehicles Joe W. Garrett, in his commencement address, stress the impact of the Patrol on the life of the State. Director Albert Coates of the Institute presided over the graduation ceremonies. The arrival of the new patrolmen on active duty brings the State Patrol up to its full authorized strength of 622.



Institute school for drivers licenses examiners, held this fall shows distaff as well as male Examiners during class instruction.

CONFERENCE FOR LOCAL HEALTH DIRECTORS

About two-thirds of the state's full-time public health directors from all across the state attended a two-day Conference for Local Health Directors at the Institute of Government September 15 and 16. Institute staff member in charge was Roddey M. Ligon, Jr.

After being welcomed to the Conference by Mr. Ligon and Dr. J. W. R. Norton, State Health Director, the program consisted of (1) a discussion of the migrant labor problem in North Carolina, led by the public health and agricultural representatives on the Governor's Committee on Migratory Labor; (2) a discussion of new legislation, liability of health department personnel for torts, and other legal matters of interest, led by Roddey Ligon; (3) a discussion of the Merit System's new pay plan for health and welfare department employees, led by Donald Hayman, Assistant Director, Institute of Government, and Claude Caldwell, Merit System Supervisor; and, (4) a discussion of the health director's role in planning, zoning and subdivision regulation, led

by Philip Green and Robert Stipe, Assistant Directors, Institute of Government.

The Health Directors registering for the Conference included: Dr. O. L. Ader, Durham County; Dr. Joe A. Bain, Wayne County; Dr. W. H. Bandy, Catawba, Lincoln, and Alexander Counties; Dr. John R. Black, Columbus County; Dr. W. A. Browne, Beaufort and Craven Counties; Dr. R. K. Butler, Haywood County; Dr. Robert M. Caldwell, Surry County; Dr. Caroline H. Callison, Bladen and Simpson Counties; Dr. W. S. Cann, Cherokee County; Dr. John S. Chamblee, Edgecombe and Nash Counties; Dr. Clifton Davenport, Hoke County; Dr. C. B. Davis, New Hanover County; Dr. E. H. Ellinwood, Guilford County; Dr. John R. Folger, Jr., Transylvania County; Dr. M. T. Foster, Cumberland County; Dr. R. E. Fox, Stanly County; Dr. John Futrell, Pitt County; Dr. O. David Garvin, Orange, Person, Chatham, Lee, and Vance Counties; Dr. Isa C. Grant, Wake County; Dr. Clem Ham, Richmond and Scotland Counties; Dr.

A. J. Holton, Wilkes, Davie, and Yadkin Counties; Dr. W. W. Johnston, Currituck, Dare, and Hyde Counties; Dr. W. Burns Jones, Warren County; Dr. Maurice Kamp, Mecklenburg County; Dr. L. E. Kling, Lenoir County; Dr. Ann Lane, Rutherford and Polk Counties; Dr. W. E. Loftin, McDowell County; Dr. J. D. Lutz, Henderson County; Dr. Dermot Lohr, Davidson County; Dr. Sarah T. Morrow, Guilford County; Dr. William L. Norville, Alamance County; Dr. William C. Perry, Franklin County; Dr. Robert D. Phillips, Johnston County; Dr. G. F. Reeves, Burke County; Dr. H. W. Stevens, Buncombe County; Dr. Ernest Ward, Iredell County; Dr. J. U. Weaver, Vance County; Dr. H. C. Whims, Randolph County; Dr. J. W. Willeox, Moore County; and, Dr. Robert Young, Halifax County.

Representatives of the State Board of Health included Dr. J. W. R. Norton, Dr. Robert Higgins, Dr. D. F. Millam, Dr. Edwin Preston, Mr. John Andrews and Mr. Walter Lackey.

(Continued on page 12)

INSTITUTE SCHOOLS, MEETINGS, AND CONFERENCES

(Continued from page 11)

Robert B. Hazel, chief, Game Protective Division, Wildlife Resources Commission, second from right, and Donald B. Hayman, right, assistant director, Institute of Government, show two of the recruits for positions of enforcement officers of the Division of Commercial Fisheries, Department of Conservation and Development, the area covered by the commercial fisheries group along the North Carolina coast. Conrad Shelton, left, of Clay



HAYMAN CONDUCTS SCHOOL FOR FISHERIES OFFICERS

county, and Colon Grandy of Poplar Branch, two of the seven recruits hired, look on and listen as Hazel points out the area containing commercial fishing waters. The recruits and other enforcement officers of the divi-

sion were instructed in the revised laws governing commercial fishing in State-controlled waters. The Institute of Government conducted the unique school which was held at Morehead City.

NORTH CAROLINA COUNTY OFFICIALS HONORED

North Carolina was very much in evidence at the 26th Annual Conference of the National Association of County Officials held at the Palmer House in Chicago, August 13-16. The North Carolina delegation of about 60 persons included, in addition to more than 40 county commissioners, several county accountants, and at least four registers of deeds, three county attorneys, two county managers, and one public welfare director. Roddey M. Ligon, Jr. represented the Institute of Government at the convention.

One of the highlights of the convention was the appearance of Governor Sanford at a breakfast for North Carolina delegates. The Governor was in Chicago calling on industrial prospects in the area, promoting the North Carolina Industrial Fair, and attending a reunion of his World War II combat paratroop unit. Governor Sanford addressed the group, noting the splendid work of the commissioners in the progress North Carolina is making, and thanking the commissioners for the support they had given him in his efforts to raise educational standards in the State. He related his knowledge of the many problems faced by county commissioners back to his days with the Institute of Government and praised the commissioners for the work they have done in helping to build the Institute. Following the breakfast Governor Sanford addressed the other delegates, emphasizing the importance of exchanging ideas as to the solution of county problems, and advising the delegates that they would find in the North Carolina county officials great enthusiasm and determination to do a good job for the public.

Many North Carolina delegates participated in the program. Carson Bain, Guilford County Commissioner, discussed the subject of "Community Leadership under an Appointed Manager Plan" at a workshop on "The Appointed County Manager"; Henry Milgrom, Nash County Commissioner, "The Value of a Planned Reassessment Program" at a workshop on "Improving County Management;" and John Alexander McMahon, General Counsel for the North Carolina Association of County Commissioners, "Relationships with State Associations of County and Municipal Officials" at a workshop on "Do We Need State Departments of Local Government?". In addition, Ben Haigh, Wake County Commissioner and immediate past president of the North Carolina Association of County Commissioners, served as chairman of the N.A.C.O. Public Welfare Committee and presided over a meeting of that Committee; and Robert B. Jordan, Jr., Montgomery County Commissioner and President of the North Carolina Association of County Commissioners served as chairman of the Nominating Committee.

Other North Carolinians have been holding national office. Carson Bain, Guilford County Commissioner, served during the past year as a member of the N.A.C.O. Board of Directors and as an honorary sergeant-at-arms for the convention; Mrs. Eunice Ayers, Forsyth County Register of Deeds served as Secretary-Treasurer of the National Association of County Recorders and Clerks and also chairman of the Membership Committee; J. Harry Weatherly County Manager of Guilford County served as a director

of the National Association of County Administrators; and, Mrs. J. C. Spencer, Caldwell County Accountant, served as director of the National Association of Treasurers and Finance Officers.

Well-known political figures, making an appearance on the program in addition to Governor Sanford, included Governors Rockefeller of New York and Kerner of Illinois, Senators Dirksen of Illinois and Keating of New York, Mayor Daley of Chicago, Secretary of Interior Udall, and Assistant Secretary of State Brooks Hays.

The theme of the convention was "Improved Management of the Public's Business" and included many valuable general sessions and workshops directed toward the development of this subject. The convention was not without its lighter moments, however. When President Gray was presented with a gavel by a member of the California delegation, together with the explanation that it was made with wood from 11 California trees, Carson Bain retorted that we in North Carolina can make a gavel using only one tree.

It appears that North Carolina will continue to play a major role in activities of N.A.C.O. Carson Bain was elected Third Vice-President of N.A.C.O., a very high honor for Mr. Bain and North Carolina; Mrs. Ayers was re-elected Secretary-Treasurer of the National Association of County Recorders and Clerks; Harry Weatherly was re-elected a director of the National Association of County Administrators; and, Mrs. Spencer was re-elected a director of the National Association of Treasurers and Finance Officers.

REPORT FROM WASHINGTON



President John F. Kennedy (above), pictured in earnest moment, addresses crowd of 32,000 in Chapel Hill's Kenan Stadium on October 12th.



The President (in lower photo), is awarded an honorary degree by the University. Dean of Faculty James L. Godfrey does the honors while Chancellor William B. Aycock and University President William D. Friday stand by.

Colorful October brought the President of the United States to North Carolina, and the President brought meaningful words, not only about the Berlin crisis, but about North Carolina's tradition in education and government. Among the much noticed and long remembered of his remarks are these:

"North Carolina has long been identified with enlightened and progressive leaders and people and I can think of no more important reason for that reputation than this university which, year after year, has sent out educated men and women who have had a recognition of their public responsibilities, as well as private interest."

"But more than that I hope that you will realize that from the beginning of this country and especially in North Carolina, there has been the closest link between educated men and women, and politics and government."

The presence of the Governor, the State's Congressional delegation, and hundreds of officials among the 30,000 there attested the interest in both the President and our processes of government.

REPORT FROM RALEIGH

EDUCATION BONDS DEFEATED

By the morning of November 8 nothing was left but hindsight on the defeat the day before at the polls of ten bond issues totalling 61.6 million dollars. The bonds, sponsored by the Sanford administration as an integral part of its program, had been designed to meet construction needs at institutions of higher learning, mental institutions, local hospitals, training schools, in the State Capitol area, and for agriculture and natural resources. Conjecture on the voters' rejection of each and all of the ten separate issues tended to center on such things as dislike of the State sales tax on food and medicine and fear that the bonds would mean new taxes.

Governor Sanford, when queried, said he didn't know the cause of the negative vote, but that he would accept any blame for the outcome and that his concern was for the loss to the people and the State. One thing was clear: the bond issues were dead and, with them, any chance of realizing their purpose, certainly until after the next General Assembly has a chance to again consider the State's needs.

* * *

The sudden death of Lieutenant Governor H. Cloyd Philpott saddened and shocked the State. Editorials in the state's press praised highly the character and record of the popular second in command in the State government and pointed out that he might have been a strong candidate for the Democratic gubernatorial nomination in 1964.

The death of Philpott raised the question of succession to the Lieutenant Governor's office. After reviewing the State Constitution, laws, and election history, Attorney General Wade Bruton wrote a seven page opinion concluding that the office would remain vacant until the 1964 election. Bruton pointed out that no legal authority to select or elect a successor to a vacant lieutenant governorship is provided and wrote: "There is no provision of the Constitution which gives any authority to appoint or provides any mode for the filling of a vacancy to this office."

Upon receiving the Attorney General's ruling Governor Sanford called the succession a closed matter. The Attorney General had history as well as law on his side in reaching his decision. Vacancies in the lieutenant governorship have never been filled by election. The most recent example occurred in 1954 when Luther Hodges moved up, without replacement, from Lieutenant Governor to Governor following the death of Governor William B. Umstead. Now, in fact and in law, Cloyd Philpott was irreplaceable.



The above picture of the late Lt. Gov. H. Cloyd Philpott was snapped at the Greensboro session of the N. C. General Assembly last spring.

SELECTING AN ASSESSMENT RATIO

(Continued from page 8)

Consideration of the rate of tax desired over a period of eight to ten years in comparison with the rates in other counties is relevant to the desire of most counties to offer an attractive tax picture for commercial and industrial development. This throws the tax base issue into an inter-county competition which may be healthy but which, when overemphasized, can produce financial instability and inequity for property owners and businesses already established as county taxpayers. A somewhat sounder long-term objective would be a stable or relatively constant rate of taxation, relying as far as possible on annual valuation increases to produce needed additional revenue. (This is not to say that annual increases in assessed valuations when taxed at a constant rate will inevitably produce the increased revenue needed to meet increasing costs of governmental operations—even when the scope of those operations is not expanded—but such a balance should be a goal in the selection of the assessment ratio.)

Summary

What has been said in this study demonstrates that the considerations pertinent in selecting an assessment ratio are all interrelated, and it is hard to remove one factor from the mass for separate consideration. Yet, for purposes of clarification, it may be helpful to close with a listing of twelve factors or statements which have been pro-

jected as relevant to a board of county commissioners' decision on this issue:

1. Once selected and adopted by resolution, the board of county commissioners cannot change an assessment ratio until the next tax year, thus the decision should be made with caution.

2. Municipal corporations and other taxing units required by law to accept assessments at the ratio fixed by a board of county commissioners must be given an opportunity to state their views on what ratio would be appropriate before a ratio is adopted. Their views should be given honest consideration.

3. All forms of property (except the limited group especially classified by the General Assembly) must be appraised at full market value, and the same assessment ratio or percentage of market value must be applied to all (both real and personal) for purposes of taxation. Careful attention should be paid to the effect application of the same ratio will produce on both real and personal property valuations.

4. Careful analysis should be made to determine anticipated annual growth in property values over the next ten-year period — as to real property, personal property, and valuations certified by the State Board of Assessment. This is essential in projecting the anticipated tax base before a ratio is chosen.

5. Careful estimates of revenue to be expected from non-property tax sources in the next ten years should be made to see how it will affect demands on the property tax base in the same period.

6. The financial requirements of the county and other taxing units within its boundaries should be carefully estimated for the next ten-year period. How much

of the needed revenue is to be raised by annual appropriations and how much by borrowing should be estimated.

7. It should be kept in mind that the county is limited to a tax rate of 20¢ on the \$100 of valuation in financing general fund obligations and operations. Supplemental taxes voted by school units in the county will also carry maximum rates. Similarly, municipal corporations normally operate under a legally-established maximum tax rate. These limits remain fixed regardless of the assessment ratio chosen.

8. Both counties and cities are limited in the amount of debt they may incur by statutory provisions expressed in percentages of tax valuations. The ratio selected should not cut off the borrowing power.

9. As a taxing unit nears its debt limit, the marketability of its bonds is impaired and the interest it must pay increases.

10. Pay-as-you-go financing of certain capital expenditures will not be an option for a taxing unit with an assessment level so low as to force annual tax rates to unfamiliar heights.

11. Stability in assessment ratio for a substantial period of years eliminates much administrative difficulty for the taxing agencies of the county and reduces confusion for the property owner.

12. A reduced tax rate is generally felt to be a psychological necessity following a real property revaluation both for favorable relations with property owners already in the county and for demonstrating to prospective businesses and taxpayers the kind of tax administration the county is attempting to develop.

LEGISLATIVE REPRESENTATION

1961

(Continued from page 3)

tionment of the Tennessee legislature since 1901. It was obvious that a victory for the plaintiffs in that case would invite a similar suit in North Carolina, unless action were taken by the 1961 legislature to make it unnecessary.

Before and during the 1961 session, the press of the State was generous with advice and admonitions to legislators to do their duty on reapportionment and redistricting.

Some newspapers offered a few suggestions for improving the legislative representation system -- suggestions sometimes marked more by ingenuity than by an understanding of the legislative process. One journal proposed a three-house legislature: one house would represent counties, another fixed geographic areas, and a third cities, delegations to the third chamber being scaled according to the size of the city. Another newspaper argued for enlargement of both houses on the curious theory that it would enable specialization by

members and thus expedite the legislative business and shorten sessions.

Even without editorial prodding, legislators were able to devise and introduce 19 bills (and many others which were not introduced) dealing with representation in the General Assembly. They were:

- 1 to reapportion the House
- 2 to redistrict the Senate
- 2 to change the House reapportionment procedure
- 3 to change the size or basis of apportionment of both houses
- 3 to change the size or basis of apportionment of the Senate only
- 1 to change the size of the House only
- 4 regulating senatorial rotation
- 3 miscellaneous

Only two of those measures were enacted. Chapter 265 (HB 1) reapportioned the House of Representatives, effective for the 1962 elections. Chapter 459 (HB 29) proposed a constitutional amendment which, if approved by the voters in 1962, will transfer the duty of reapportioning the House of Representatives to the Speaker of the House.

BOOK REVIEWS

DEMOCRACY IN URBAN AMERICA

Democracy in Urban America. Edited by Oliver F. Williams and Charles Press. Chicago: Rand McNally and Company, 1961. \$5.95.

In contrast to the usual textbook format, or the selection of readings to supplement a text, this book is a collection of readings on government and politics in urban areas that can, by itself, either (1) serve as the basis for a text in local government, or (2) for the governmental official or citizen it can serve as a highly illuminating series of insights into the complexities of American local government today.

Williams and Press, in their selection of articles and selections from books, first recognize the traditional concept of a representative local government as the "building blocks of democracy," present the values of efficiency, economy and nonpartisanship which we attribute to the municipal reform movement beginning early in this century, and then counter this aspect of local government with the increasingly strong point of view noted in the review of Adrian's book above -- that is, that municipal government is "a political arena in which people with competing interests seek to influence decision-making wherever police is made."

However useful and challenging the book might be as an undergraduate text, it may be equally challenging to thoughtful city managers, city planners, mayors and governing board members. In a state where the city manager form of government is predominant and where the principles of the municipal reform movement still have the ring of gospel to many municipal officials and citizens, perhaps a set of readings, drawn from observation of local government in many parts of the country by a distinguished group of qualified observers, is the best way of taking a fresh look at local government in North Carolina cities.

While many of the selections are so rooted in the political complexity of the industrialized metropolitan centers that their relevance to the small and medium-sized city of the Southeast is difficult to determine, there are other selections which raise questions which are current in every North Carolina city.

What method for electing a city council, for example, is the most democratic or the most likely to be representative of all the people? Why do we have such a consistent record of apathy in local elections? In what manner are impor-

tant municipal decisions conceived and adopted? How can elected board members best inform themselves on the welter of complex issues which demand decision every day? Are city and county governments really serving as the foundations of a strong democratic government?

North Carolina citizens and governmental officials may not agree with every conclusion and insight reflected in these readings, but if they will ponder the issues raised, they will find that similar issues concerning the strength and significance of our own local governmental institutions can be identified. And in the process of identification, perhaps additional steps toward improving those institutions will result.

GOVERNING URBAN AMERICA

Governing Urban America: Second Edition by Charles R. Adrian. New York: McGraw-Hill Book Company, Inc., 1961. \$7.50.

The first edition of this work, published six years ago, has become perhaps the most widely-used textbook in American municipal government. The second edition has been revised and expanded to incorporate the results of new research in the problems and processes of local government.

Adrian departs widely from the traditional view of some text writers -- that the city is first and foremost a legal and administrative entity and that, therefore, there are uniformly-applicable technical solutions to municipal problems, regardless of the individual city's traditions, social make-up, or institutions of informal community leadership. Municipal government, he believes, is not simply a matter of professional expertise in seeking economy and efficiency; it is rather a political arena in which people with competing interests seek to influence decision-making wherever policy is made. There is no "one best solution" to questions about the structure of city government, the level of services to be provided or their administration; the answers to such questions may vary considerably with the individual city and are decided by groups that are influential enough to be able to affect political decisions. While viewing municipal government as primarily a political process, Adrian also provides competent general discussions of personnel practice. Adrian also provided competent and the service functions of municipal government.

For local officials and for those in-

terested in problems of local government, *Governing Urban America* offers no ideal solutions and no blueprints for action. It can, however, afford a broader perspective on the problems that cities have faced and their attempted solutions, and a deeper appreciation of the political forces affecting policy-making in American cities.

The Statesman's Yearbook 1961-1962. Edited by S. H. Steinburg, PhD, St. Martin's Press, Inc., New York.

The 1684 pages of *The Statesman's Yearbook*, now in its 98th annual edition, is crammed with information on a vast number of subjects, ranging from the table of organization of the Kennedy administration to maps illustrating the best uses of the World's water resources, from 1960 census statistics of Japan to international trade unionism. The main headings are arranged by international organizations, the British Commonwealth of Nations, the United States, and other countries. With the section devoted to the United States, each state and territory is treated in a separate subdivision.

In the North Carolina part the breakdown is by government, area and population, religion, education, welfare, finance, production, and communications. One can find that the first settlement was by Sir Walter Raleigh in 1585 and the first permanent settlement in 1663; that the present constitution has 128 amendments; that the Governor may not succeed himself and has no veto; that the state's population according to the 1960 census is 4,563,155, an increase of 12 2/10% in ten years; that the state has fifty-nine "senior and junior" institutions of higher learning; etc.

The new *Statesman's Yearbook*, which calls itself "a one-volume encyclopedia of all nations and world affairs," is a valuable work for reference and research.

Municipal Records Manual. State Department of Archives and History, Raleigh.

Handbook of Federal Aids to Communities. Washington, U. S. Department of Commerce.

These two recent publications are of an especially helpful nature to cities and towns. The *Municipal Records Manual* contains a guide pertaining to the retention and disposal of public records in municipal custody. The *Handbook of Federal Aids to Communities* is an excellent summary of all federal aid programs for municipalities.

Metropolitan Problems

(Continued inside back cover)



THE ATTORNEY GENERAL RULES

PROPERTY TAXATION

Exemption of Real Property. The question of whether exemption is justified has recently been raised in the following factual situations, with the results indicated:

(1) The YWCA owns a vacant lot located one-half block from the YWCA building which is used for parking by members who pay for that privilege.

Is the parking lot entitled to exemption?

(A. G. to R. E. Richardson, June 2, 1961)

Yes. The language of G. S. 105-293 (5) is sufficiently broad to cover the parking lot.

(2) Several years ago a town purchased a site on which to construct a fire station and town hall. The fire station has been completed; a portion of the remaining area is used as a free public parking lot. The remainder consists of a lot on which is situated a large frame dwelling which the town rents to a professional man for \$100 a month.

Is this house and lot entitled to exemption from county taxation?

(A. G. to H. L. Riddle, Jr., June 30, 1961)

No. See *Warrenton v. Warren County*, 215 N. C. 342, 2 S. E. 2d 463 (1939).

Real Property Revaluation in Non-Revaluation Year. A theater building has been condemned, is not being used as a theater, and cannot be used at present for any other purpose. Can the county revalue this property under G. S. 105-279(3) (d) or (h) and reduce the assessment in a non-revaluation year?

(A. G. to W. W. Speight, June 8, 1961)

Yes. In my opinion the building may be revalued in a non-revaluation year under G. S. 105-297 (3) (d) since it "has increased or decreased in value to the extent of more than one hundred dollars (\$100.00) by virtue of circumstances other than general economic increases or decreases since the last assessment of such property."

What Constitutes a Discovery. A tract of land was listed for taxes as 3999 acres and valued for tax purposes at \$5 per acre. Recently the land was sold and, upon survey, it was discovered that the tract actually contains 6400 acres. Does the county have authority to proceed under G. S. 105-331(c) to list and assess this excess acreage for the current year and five years prior thereto?

(A. G. to John C. Rodman, June 8, 1961, and to L. H. Ross, June 16, 1961)

No. The statute referred to relates only to the listing of property which has been listed for taxation and does not relate to increasing the valuation of a property which has been listed. This is borne out by the provision of G. S. 105-297 (3) (g) which authorizes reassessment of real property in non-revaluation years which, "was last assessed at an improper figure as the result of an error in the listing of the number of acres in the tract or parcel or in the listing of the dimensions of the lot . . ." In my opinion, none of the real property reassessments authorized by G. S. 105-297 may be applied retroactively.

FINANCE

Authority of County to Pay Premium on Group Hospitalization Insurance Policy for County Employees. Does a county have authority to pay a portion of the premium on a group hospitalization policy for county employees?

To: Wade Barber

(A. G.) "There is a difference in the powers of counties and cities and towns in this respect. Under the provisions of G. S. 160-200(5) . . . you will find that municipal corporations may insure their employees against death or disability or both during the term of their employment under forms of insurance known as 'group insurance.' However, . . . we find that counties do not have similar powers in this respect. I have searched the statutes carefully, and I cannot find where any authority is given to counties to use public funds to pay for all or any portion of group insurance, either in the form of life insurance, disability or hospitalization."

Authority of ABC Boards to Appropriate Funds to Nongovernmental Organization for Rehabilitation of Alcoholics. Can a local ABC Board appropriate funds to a nongovernmental organization for rehabilitation of alcoholics?

To: Frank K. Sims, Jr.

(A. G.) "It is, therefore, my opinion that an ABC Board, county or municipal, may expend not more than 5% of its total profits for the rehabilitation of alcoholics, and this may be done in their discretion. It appears to me that it is up to the Board to be satisfied that the Club involved will use the monies paid over to them for the rehabilitation of alcoholics."

Authority of a City to Make Gift to YMCA. May a city make an unrestricted gift to the YMCA? May a city make a gift to the YMCA upon the condition that it be used only for the youth program of the YMCA? May a city contract with the YMCA to perform the youth program phase of its recreational program?

To: James R. Trotter

(A. G.) A city may not make a gift to the YMCA either without restriction or upon the condition that it be used only for the YMCA's youth program. Such a gift would not be for a public purpose of the city. The city may contract with the YMCA to carry out the youth program phase of its recreational program and use nontax funds for such purpose. This would be for a public purpose but not for a necessary expense.

Authority of City to Make Appropriation to County Airport Authority. Would a contribution by the Town of Rockingham for the support of the Richmond County Airport Authority be legal?

To: Charles E. Deane, Jr.

(A. G.) Such a contribution would not be legal as the General Assembly has not authorized the town to make such an appropriation and has not declared the airport authority to be an agency of the town. "It appears to me that the case of *Airport Authority v. Johnson*, 226 N. C. 1, turns on the question as to whether or not the Airport Authority was an agent of the City of High Point and the City of Greensboro. The Court held that there was such an agency relationship and, therefore, upheld appropriations. I believe the case pretty well answers your question."

Credits: The cover picture and photographs on pages 10, 11, and 13 are by Jim O'Neil, Institute of Government staff photographer. Photograph of Fisheries School on page 12 is courtesy of Reg. Lewis and the North Carolina Department of Conservation and Development. Photograph of Lieutenant Governor Philpott on page 13 is courtesy of David Nicholson and James Wommack, Greensboro Daily News. The chart on page 1 is by Charles Nakamura. Drawings and layout by Joyce Kuchergis.

NOTES FROM CITIES AND COUNTIES

(Continued from page 4)

ciation, one of the first projects of the group is to work with county school principals in enforcing truancy laws. Under consideration by the group is the wearing of uniforms of the same style and color, and the sponsorship of teenage activities in the county.

- Voters of **Lee** County will decide the fate of a proposed merger of Lee County and Sanford public schools on November 7. If approved, the merger would become effective next July 1.

- The **Bladen** County Democratic Executive Committee has appointed Chatham C. Clark, an Elizabethtown business and civic leader, to fill a vacancy in the State Senate caused by the resignation of Sen. Edward B. Clark. Clark resigned the post to accept appointment to the Superior Court bench.

- A \$225,000 school bond issue will be decided by **Greene** County voters during the November general elections. The money would be used for construction of vocational education units at the new central high school and the county training school.

- Otto B. Mabry, veteran of 30 years service as director of the **Stanly** County Welfare Department, will retire on December 31. Mrs. Mary Frances Daniel, presently a casework supervisor, will succeed Mabry. Mrs. Daniel has been with the department for 19 years.

- Police officials in several eastern North Carolina counties are wondering whether the days of the old-time cattle rustler are over yet. **Harnett** County deputies recently arrested two Raleigh men on charges of cattle rustling, following a series of cattle thefts in **Harnett, Wake, Hoke, and Scotland** Counties over the summer months.

- Mrs. Lena M. Leary, assistant clerk of the **Chowan** County Superior Court for the past 13 years, has been elevated to the clerkship vacated by Tom H. Shepard on October 1.

- The use of a medical review panel, designed to put a checkrein on physical disability welfare grants, has been put into operation in **Lee** County. A board of three local physicians, appointed by the county medical society, will meet monthly to review disability cases who apply for financial assistance from the county.

- Edward H. Williford, chief juvenile officer of the High Point division of **Guilford** County's Domestic Relations Court, resigned October 31 to set up his own detective agency.

BOOK REVIEWS

(Continued from page 15)

NASSAU COUNTY: ITS GOVERNMENTS AND THEIR EXPENDITURE AND REVENUE PATTERNS, by Samuel F. Thomas. New York, City College Press, 1960. Distributed by Associated College Presses, 32 Washington Place, New York 3, New York. \$4.50.

This work is one of a series of the studies in metropolitan area problems

conducted at The City College of New York as part of its New York Area Research Program.

Professor Thomas penetrates into the problems of Nassau County through an analytical and critical review of its governmental structure and fiscal patterns.

While this study identifies local governmental problems in a single metropolitan area, its implications are of concern to the average citizen as well as public officials and political leaders.

BOND SALES

From March through August, 1961, the Local Government Commission sold bonds for the following governmental units. The unit, the amount of bonds, the purpose for which the bonds were issued, and the effective interest rate are given.

Unit	Amount	Purpose	Rate
<i>Cities:</i>			
Albemarle	\$1,775,000	Sanitary sewer	3.5
Bessemer City	270,000	Natural gas system	5.4
Carrboro	80,000	Town Hall	4.0
Concord	1,300,000	Sanitary sewer	3.2
Granite Falls	175,000	Water and sanitary sewer	3.9
Greensboro	2,660,000	Street improvement, public market, public library, fire department vehicle and fire alarm system, city yard, fire department building	3.2
Hamlet	286,000	Sanitary sewer	4.2
High Point	4,000,000	Electric, water, sanitary sewer	3.2
Lexington	1,000,000	Water, sanitary sewer	3.8
Matthews	30,000	Sanitary sewer	3.2
Milton	3,500	Public improvement	4.7
Mount Gilead	275,000	Sanitary sewer	4.5
Mount Pleasant	40,000	Sanitary sewer	3.9
North Wilkesboro	50,000	Hospital	3.2
Raleigh	3,080,000	Water, fire equipment, municipal building, fire department building, recreational facilities	3.1
Rocky Mount	1,000,000	School building	3.4
Selma	\$ 275,000	Sanitary sewer	4.0
Smithfield	630,000	Water and sanitary sewer	3.7
Whiteville	100,000	Municipal vehicle and fire fighting apparatus and equipment; storm sewer; sanitary sewer	3.2
<i>Counties:</i>			
Beaufort	121,000	School, school refunding, Asheville-Biltmore Community College	4.0
Buncombe	650,000	Hospital	4.0
Craven	1,000,000	School building	3.8
Gates	300,000	School building	3.4
Granville	1,250,000	School building	3.7
Rutherford	1,800,000	General and school refunding	3.9
Sampson	110,000	School building	3.1
Wake	2,500,000	School refunding	3.0
Wilson	135,000	Redevelopment	1.6
<i>Other:</i>			
Raleigh Redevelopment Commission	1,428,000	Sanitary sewer	4.5
Royal Oaks Sanitary District, Cabarrus County	270,000	School	3.6
Stanly County Administrative Unit	1,500,000		



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